

# Transportation Information Update\*

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## AIR TRANSPORTATION

### 1. Aircraft movement statistics: Major airports, September 2015

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations were relatively unchanged (+0.2%) in September 2015 from the same month a year earlier.

### 2. Cathay to pay \$4 million to settle Canada price-fixing probe

Cathay Pacific has agreed to pay \$4.4 million to settle litigation in Canada in a cargo anti-trust class action in which the carrier was a defendant.

### 3. Cargo Continues to Flat-line

The International Air Transport Association (IATA) released data for global air freight markets showing that air cargo volumes measured by freight tonne kilometers rose just 0.5% in October 2015 compared to a year ago. Year-over-year expansion fell back from 2015 September's faster growth rate, and total cargo volumes in October stand 1.1% lower than the peak of the uptrend at the end of 2014.

### 4. WestJet reports November load factor of 78.6 per cent

WestJet on December 3, 2015 announced November 2015 traffic results with a load factor of 78.6 per cent, a decrease of 1.9 percentage points year over year. Revenue passenger miles (RPMs), or traffic, decreased 2.7 per cent year over year, and capacity, measured in available seat miles (ASMs), declined 0.3 per cent over the same period.

### 5. Air Canada announces first Air Canada rouge Service between Toronto and Charlottetown during Summer Travel Season

Air Canada on December 3, 2015 announced that its leisure carrier subsidiary, Air Canada rouge™, is expanding in Eastern Canada by operating twice daily seasonal non-stop service between Toronto and Charlottetown beginning May 2, 2016.

### 6. Passenger Traffic Maintains Strong Growth Trend

The International Air Transport Association (IATA) announced global passenger traffic results for October 2015 showing continued strong demand growth for both domestic and international traffic compared to the year-ago period. Total revenue passenger kilometers (RPKs) rose 7.5%, which was in line with the 7.4% year-over-year expansion seen in September 2015. October 2015 capacity (available seat kilometers or ASKs) increased by 5.7%, and load factor rose 1.4 percentage points to 80.5%. Growth in air travel has been stimulated by lower fares, particularly for leisure travel.

### 7. Aircraft movement statistics: Small airports, August 2015

Take-offs and landings at 126 Canadian airports without air traffic control towers reached 65,741 movements in August 2015. Four airports, each with more than 2,000 movements, accounted for 22% of the activity in August 2015

## AIR

## TRANSPORTATION

## Canada

1. Aircraft movement statistics: Major airports, September 2015, November 30, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)
2. Cathay to pay \$4 million to settle Canada price-fixing probe, November 29, 2015, [www.joc.com](http://www.joc.com)
3. Cargo Continues to Flat-line, December 2, 2015, [www.iata.org](http://www.iata.org)
4. WestJet reports November load factor of 78.6 per cent, December 3, 2015, [www.westjet.ca](http://www.westjet.ca)
5. Air Canada announces first Air Canada rouge Service between Toronto and Charlottetown during Summer Travel Season, December 3, 2015, [www.aircanada.ca](http://www.aircanada.ca)
6. Passenger Traffic Maintains Strong Growth Trend, December 3, 2015, [www.iata.org](http://www.iata.org)
7. Aircraft movement statistics: Small airports, August 2015, December 3, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)
8. Transport Canada suspends Buffalo Airways' Air Operator Certificate, December 2, 2015, [www.tc.gc.ca](http://www.tc.gc.ca)
9. REMARKS BY THE HONORABLE MARC GARNEAU, MINISTER OF TRANSPORT AT THE WORLD AVIATION FORUM 2015 OPENING SESSION, November 23, 2015, [www.tc.gc.ca](http://www.tc.gc.ca)
10. Air Canada Cargo to impose fee for non-accepted dangerous goods, December 2, 2015, [www.ctl.ca](http://www.ctl.ca)
11. Air Canada Reports Record November Load Factor, December 3, 2015, [www.aircanada.ca](http://www.aircanada.ca)
12. Air Fares, First Quarter 2015, December 7, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)
13. Airline profits to hit record levels on low oil, booming travel, December 10, 2015, [www.globeandmail.ca](http://www.globeandmail.ca)
14. September 2015 U.S. Airline Traffic Data, December 10, 2015, [www.dot.gov](http://www.dot.gov)
15. Transport Canada encourages new drone users to learn rules before flying, December 11, 2015, [www.tc.gc.ca](http://www.tc.gc.ca)
16. WestJet increases service from Calgary, December 12, 2015, [www.westjet.ca](http://www.westjet.ca)

\* The views indicated are those of the authors and not of Industry Canada or the CTRF.

### **8. Transport Canada suspends Buffalo Airways' Air Operator Certificate**

Transport Canada suspended Buffalo Airways' Air Operator Certificate, effective November 30, 2015, which prohibits the company from providing commercial air services.

### **9. REMARKS BY THE HONORABLE MARC GARNEAU, MINISTER OF TRANSPORT AT THE WORLD AVIATION FORUM 2015 OPENING SESSION**

Mr. Garneau congratulated ICAO for holding its first World Aviation Forum in Montreal. He congratulated both Dr. Aliu and Dr. Liu for their initiative in making it happen. He applauded ICAO as a whole for its “No Country Left Behind” initiative. Through it, this organization is working to encourage nations around the world to implement global standards and recommended practices in aviation. The Government of Canada supports such efforts to increase safety, strengthen security and build the capacity of aviation systems around the world.

### **10. Air Canada Cargo to impose fee for non-accepted dangerous goods**

Effective January 1, 2016, Air Canada Cargo will charge a non-acceptance fee of \$40 for all dangerous goods shipments tendered in Canada and the United States that do not pass the acceptance checklist, due to errors or omissions on the package(s) or documentation. The fee will be charged and added to the airwaybill when the unaccepted shipment is corrected and tendered again to Air Canada Cargo. This fee will be in addition to the regular dangerous goods acceptance fee.

### **11. Air Canada Reports Record November Load Factor**

For the month of November 2015, Air Canada reported a system-wide capacity increase of 9.5 per cent and a record load factor of 78.6 per cent, increasing from 77.7 per cent in November 2014. On this additional capacity, system wide traffic for November 2015 increased 10.8 per cent. Air Canada reports traffic results on a system-wide basis, including regional airlines from which Air Canada purchases capacity and Air Canada *rouge*<sup>®</sup>.

### **12. Air Fares, First Quarter 2015**

Domestic and international air fares combined averaged \$247.60 in the first quarter of 2015, up 2.2% from the same quarter of 2014, reversing the downward trend of the previous five quarters. The average domestic fare was \$183.50, up 2.5% from the same quarter a year earlier, while the average international fare fell 0.1% to \$306.90.

### **13. Airline profits to hit record levels on low oil, booming travel**

Low oil prices and healthy demand for travel will boost airline profits again in 2016, the International Air Transport Association said on December 10, 2015. IATA, which represents almost 260 airlines accounting for 83 per cent of global air traffic, said net profits would reach record levels of \$36.3-billion in 2016 after \$33-billion in 2015, with over half of the profits coming from North American carriers.

### **14. September 2015 U.S. Airline Traffic Data**

The U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on December 10, 2015 that U.S. airlines' systemwide (domestic and international) scheduled service load factor rose to 84.1 percent in September 2015, seasonally adjusted, following a one month decline.

### **15. Transport Canada encourages new drone users to learn rules before flying**

Transport Canada encourages all new drone users to consult the wide variety of educational tools available on [www.tc.gc.ca/SafetyFirst](http://www.tc.gc.ca/SafetyFirst). Recreational drone operators **should**: 1) Fly their drone during daylight and in good weather (not in clouds or fog); 2) Keep their drone in sight, where they can see it with their own eyes – not only through an on-board camera, monitor or smartphone; 3) Make sure their drone is safe for

17. October Airline On-Time Performance Up From Previous Year, Month, December 15, 2015, [www.dot.gov](http://www.dot.gov)

18. 3rd Quarter 2015 Airline Financial Data, December 15, 2015, [www.dot.gov](http://www.dot.gov)

19. Air freight demand from China slows down, December 16, 2015, [www.transportweekly.com](http://www.transportweekly.com)

20. Canadians to benefit from expanded air transport agreement with China, December 16, 2015, [www.tc.gc.ca](http://www.tc.gc.ca)

21. Civil aviation operating statistics, October 2015, December 17, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)

22. Aircraft movement statistics: Major airports, October 2015, December 17, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)

23. EU court throws out \$861 million air freight cartel fines, December 16, 2015, [www.joc.com](http://www.joc.com)

24. Expanded air transport agreement with Australia provides more options for Canadians, December 17, 2015, [www.tc.gc.ca](http://www.tc.gc.ca)

25. October 2015 Passenger Airline Employment Data, December 17, 2015, [www.dot.gov](http://www.dot.gov)

26. WestJet Encore pilots approve five-year agreement, December 21, 2015, [www.westjet.ca](http://www.westjet.ca)

27. Air Canada Boosts Brisbane Non-Stop Flights to Daily, December 20, 2015, [www.aircanada.ca](http://www.aircanada.ca)

28. EU court overturns airline cartel fines, December 22, 2015, [www.americanshipper.com](http://www.americanshipper.com)

29. Porter takes a break from winter and lands first flight in Orlando-Melbourne, December 19, 2015, [www.flyporter.com](http://www.flyporter.com)

30. Consultation on the requirement to hold a licence, December 23, 2015, [www.cta-otc.gc.ca](http://www.cta-otc.gc.ca)

31. US, Mexico sign new air transport pact, December 28, 2015, [www.ctl.ca](http://www.ctl.ca)

flight before take-off. Check if the batteries are fully charged and if it is too cold to fly; and 4) Respect the privacy of others – avoid flying over private property or taking photos or videos without permission. Recreational drone operators **should not fly**: 1) Closer than 9 km from any airport, heliport, or aerodrome; 2) Higher than 90 metres above the ground; 3) Closer than 150 metres from people, animals, buildings, structures, or vehicles; 4) In populated areas or near large groups of people, including sporting events, concerts, festivals, and firework shows; 5) Near moving vehicles, highways, bridges, busy streets or anywhere they could endanger or distract drivers; 6) Within controlled or restricted airspace including near or over military bases, prisons, and forest fires; and 7) Anywhere they may interfere with first responders.

#### **16. WestJet increases service from Calgary**

WestJet on December 19, 2015 will launch new non-stop service from Calgary to Huatulco, its tenth destination in Mexico, and add new non-stop flights from Calgary to Liberia, Costa Rica, beginning on December 19, 2015.

#### **17. October Airline On-Time Performance Up From Previous Year, Month**

The reporting US carriers posted an on-time arrival rate of 87.0 percent in October 2015, up from both the 80.0 percent on-time rate in October 2014 and the 86.5 percent mark in September 2015, according to the U.S. Department of Transportation's *Air Travel Consumer Report* released December 15, 2015. October 2015's on-time arrival rate was the third highest of the 250 months with comparable records.

#### **18. 3rd Quarter 2015 Airline Financial Data**

U.S. scheduled passenger airlines reported an after-tax net profit of \$9.3 billion in the third quarter of 2015, up from \$5.5 billion in the second quarter of 2015 and up from \$3.1 billion in the third quarter of 2014, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on December 15, 2015.

#### **19. Air freight demand from China slows down**

Despite air freight demand slowing over the past couple of weeks, forwarders and airlines are still reporting a good deal of market activity from China in the run up to Christmas. "The 'peak' has passed in most places in China, but the pressure is still on in Hong Kong and we expect it to remain so until at least mid-December," said Air France-KLM Cargo vice president Christophe Boucher (according to a report by Lloyd's Loading List). The 2015 peak is similar to 2014's "in terms of length and intensity even if, from a rate perspective, we started from a lower base. And while it was nothing compared to the peaks of a few years ago, demand is sufficient to push up rates."

#### **20. Canadians to benefit from expanded air transport agreement with China**

The Honourable Marc Garneau, Minister of Transport, on December 16, 2015 announced an expanded Canada-China Air Transport Agreement that allows for new air services between additional cities in both countries. The expanded agreement with China will increase the number of cities Canadian and Chinese airlines can serve from 12 to 18 in the other partner's territory. This will allow airlines to provide greater choices for travellers and help support increasing tourism and trade activity. Reached under Canada's Blue Sky policy, which encourages long-term, sustainable competition and the development of international air services, the expanded agreement builds on the 2005 Canada-China Air Transport Agreement, last amended in 2013.

#### **21. Civil aviation operating statistics, October 2015**

The two major Canadian air carriers flew 3.9 million passengers on scheduled and charter services in October 2015, up 4.4% from the same month in 2014. Air Canada carried 2.3 million passengers, up 7.8% from the same month a year earlier, while WestJet carried 1.6 million passengers, relatively unchanged from the same month a year earlier. On average, each passenger travelled 2 759 kilometres, up 3.1% compared with October 2014.

#### **22. Aircraft movement statistics: Major airports, October 2015**

Aircraft take-offs and landings at Canadian airports with NAV CANADA air traffic control towers and flight service stations increased 3.4% in October 2015 from the same month a year earlier. These 91 airports reported 475,107 movements during the month compared with 459,436 movements in October 2014.

#### **23. EU court throws out \$861 million air freight cartel fines**

A European Union court on December 16, 2015 overturned 790 million euros (\$861 million) in fines against 11 airlines, including Air France-KLM and British Airways, for participating in a global cartel that fixed air freight rates.

#### **24. Expanded air transport agreement with Australia provides more options for Canadians**

The Honourable Marc Garneau, Minister of Transport, on December 17, 2015 announced an expanded

Canada-Australia Air Transport Agreement, effective immediately, which allows airlines to serve any number of cities in Canada and Australia. Under this expanded agreement, capacity available to Canadian and Australian airlines for services to Sydney, Melbourne, Brisbane and Perth will increase from 3,000 to 6,000 seats per week for each country effective immediately, and then increase to 9,000 seats starting in December 2016. A number of regulatory requirements regarding airline pricing are also removed, which will give airlines much greater flexibility when offering fares to travellers.

#### **25. October 2015 Passenger Airline Employment Data**

U.S. scheduled passenger airlines employed 3.7 percent more workers in October 2015 than in October 2014, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported on December 17, 2015. October 2015 was the 23rd consecutive month that full-time equivalent (FTE) employment for U.S. scheduled passenger airlines exceeded the same month of the previous year and was the highest monthly total (398,810) since August 2008.

#### **26. WestJet Encore pilots approve five-year agreement**

WestJet Encore announced on December 20, 2015 that its pilots have voted in favour of a new agreement with 93 per cent of eligible pilots voting. The tentative agreement was negotiated between WestJet Encore and the WestJet Pilots' Association (WJPA), the association representing its pilots. Voting on the agreement began on December 12, 2015 and ended December 20, 2015.

#### **27. Air Canada Boosts Brisbane Non-Stop Flights to Daily**

Air Canada on December 20, 2015 announced it plans to increase its new non-stop flights from Vancouver to Brisbane, Australia to daily from three times weekly beginning June 17, 2016.

#### **28. EU court overturns airline cartel fines**

The second highest court in the European Union has overturned a prior European Commission decision to impose over 790 million euros (\$864 million) in fines on 12 airfreight carriers for alleged anti-competitive behavior. The General Court of the EU, based in Luxembourg, said it reversed the EC's 2010 ruling because it was contradictory. The court said the EC accused the airlines of cooperating in a single cartel, but were only able to show proof of illegal activity by some carriers.

#### **29. Porter takes a break from winter and lands first flight in Orlando-Melbourne**

Porter Airlines has begun non-stop service from Billy Bishop Toronto City Airport to Orlando-Melbourne, Florida International Airport. It is a seasonal weekly service that continues until April 30, 2016. "Orlando-Melbourne is now our most southern destination. This route provides a convenient connection between downtown Toronto and a part of Florida that lacked international air service until now," said Robert Deluce, president and CEO of Porter Airlines.

#### **30. Consultation on the requirement to hold a licence**

The Agency is asking the aviation industry and other interested stakeholders whether persons who have commercial control over an air service, but do not operate aircraft (indirect air service providers), should be required to hold a licence.

#### **31. US, Mexico sign new air transport pact**

Mexican Transport Secretary Gerardo Ruiz Esparza has signed a liberalised air services agreement with US Transport Secretary Anthony Foxx, removing the restrictions on air transportation between Mexico and the US.

## **WATER TRANSPORTATION**

### **1. "Canada Shipping Report Q1 2016" now available at Fast Market Research**

In Canada in 2016, we anticipate that the Port of Montreal will continue to lead in terms of growth at 4.90%, albeit a bit lower than 2015's estimated 5.66% growth. The port of Prince Rupert will shorten its lead in terms of container throughput growth, with Metro Vancouver closing the gap. We forecast that there will be no negative growth figures in 2016 despite the knock-on effects of the slowdown in China and the possible repercussions on global economic instability. Canada's economy looks set to benefit from trade with the US and increased deficit reduction in 2016, as investment in the country's shipping sector continues to strengthen its offering by enabling more capacity and efficiency.

### **2. Cosco-China Shipping extend merger talks into January**

Talks between state-owned giants Cosco and China Shipping will continue into 2016, the groups said in exchange filings, six months after trading in shares of their listed subsidiaries was suspended.

### **3. World Shipping Council's Koch predicts 'very challenging' 2016**

Senior advisor at the World Shipping Council, Christopher Koch has warned ocean carriers and shippers of 'very challenging and competitive' conditions in 2016. Speaking at the recent Pacific Transportation Association dinner in Oakland, California, Mr Koch alerted shippers to be prepared for less "free time" allotments for their containers in 2016, the American Journal of Transportation reported.

### **4. Port of Metro Vancouver – Accumulated Container Traffic Y-T-D: January to October 2015.**

The port of Metro Vancouver released its accumulated container traffic for January to October 2015 on December 2, 2015. Total imports for this period were 1,335,201 TEUs a 1.8% increase and total exports for this period were 1,243, 959 TEUs a 9 % increase. Total traffic was 2,579, 160 TEUs a 5.1% increase.

### **5. New study reveals looming shortage of trade-enabling industrial land in Lower Mainland**

A new study commissioned by Port Metro Vancouver has found that the current supply of trade-enabling industrial land in the Lower Mainland will likely be exhausted roughly within the next 10 years.

### **6. CMA CGM makes \$2.4 billion offer for NOL**

CMA CGM has made a \$2.4 billion cash offer for Singapore's Neptune Orient Lines in a transaction that will proceed once anti-trust approval has been received from authorities in the EU, the U.S. and in China, expected in mid-2016.

### **7. Ship line consolidation won't dent trans-Pacific competition**

If CMA CGM acquires Neptune Orient Lines and its APL brand, the new entity will potentially be the new market leader in the trans-Pacific eastbound trade lane. The reporter does not feel that this will have an effect on trans-Pacific competition.

### **8. Final cargo push on St. Lawrence Seaway before winter closure**

Cargo vessels calling ports along the Great Lakes-Seaway system are scrambling to finish their pick-ups and deliveries before the St. Lawrence Seaway, which connects the Atlantic to the Great Lakes, closes Dec. 30 for the winter. "With just under a month remaining in the 2015 navigation season, we anticipate vessel activity in the Seaway System to be robust right up to closing," said Betty Sutton, administrator of the St. Lawrence Seaway Development Corp.

### **9. St. Lawrence Seaway banks on El Nino, economy after traffic falls 10 per cent**

## **WATER TRANSPORTATION Canada**

1. "Canada Shipping Report Q1 2016" now available at Fast Market Research, Nov. 30, 2015, [www.portofmontreal.ca](http://www.portofmontreal.ca)
2. Cosco-China Shipping extend merger talks into January, December 1, 2015, [www.joc.com](http://www.joc.com)
3. World Shipping Council's Koch predicts 'very challenging' 2016, Dec. 1, 2015, [www.transportweekly.com](http://www.transportweekly.com)
4. Port of Metro Vancouver – Accumulated Container Traffic Y-T-D: January to October 2015.
5. New study reveals looming shortage of trade-enabling industrial land in Lower Mainland, December 3, 2015, [www.portmetrovancover.com](http://www.portmetrovancover.com)
6. CMA CGM makes \$2.4 billion offer for NOL, December 7, 2015, [www.joc.com](http://www.joc.com)
7. Ship line consolidation won't dent trans-Pacific competition. December 7, 2015, [www.joc.com](http://www.joc.com)
8. Final cargo push on St. Lawrence Seaway before winter closure, Dec. 10, 2015, [www.americanshipper.com](http://www.americanshipper.com)
9. St. Lawrence Seaway banks on El Nino, economy after traffic falls 10 per cent, December 12, 2015, [www.globeandmail.ca](http://www.globeandmail.ca)
10. Slide show: Top transportation merger and acquisitions shaping the industry, December 11, 2015, [www.joc.com](http://www.joc.com)
11. FMC collects \$334,000 in fines from seven firms, December 15, 2015, [www.joc.com](http://www.joc.com)
12. Prince Rupert considers further container terminal expansion, December 15, 2015, [www.joc.com](http://www.joc.com)
13. Last ship of 2015 brings longer-than-usual Vancouver cruise season to a close, December 15, 2015, [www.portmetrovancover.com](http://www.portmetrovancover.com)
14. Port of Montreal welcomes Hapag-Lloyd's Quebec Express on its first call to Montreal, December 17, 2015, [www.portofmontreal.ca](http://www.portofmontreal.ca)
15. Port of Metro Vancouver – Accumulated Container Traffic Y-T-D: January to November 2015, Dec. 21, 2015, [www.portmetrovancover.com](http://www.portmetrovancover.com)
16. FMC to assess impact on alliances from liner mergers, December 18, 2015, [www.americanshipper.com](http://www.americanshipper.com)
17. Liner shipping applies for exemption from HK competition law, December 24, 2015, [www.joc.com](http://www.joc.com)

The St. Lawrence Seaway is expected to end the year with cargo traffic down almost 10 per cent, but the weather phenomenon known as El Nino and a strengthening economy are buoying hopes of a turnaround next year.

**10. Slide show: Top transportation merger and acquisitions shaping the industry**

Mergers and acquisitions dominated transportation industry headlines throughout 2015, and the trend is likely to continue into 2016.

**11. FMC collects \$334,000 in fines from seven firms**

The Federal Maritime Commission has collected \$334,000 in civil penalties for alleged shipping act violations by five ocean transportation intermediaries and two unlicensed entities operating as OTIs (Ocean Transportation Intermediaries).

**12. Prince Rupert considers further container terminal expansion**

DP World, the new owner of Prince Rupert's container terminal, and the port authority are already considering expanding the port's annual capacity by more than 700,000 twenty-foot equivalent units — even though the latest buildout has yet to be completed.

**13. Last ship of 2015 brings longer-than-usual Vancouver cruise season to a close**

The last cruise ship of the 2015 season, the Ruby Princess, will depart Canada Place on December 15, 2015, marking the end of an extended cruise season at Port Metro Vancouver. Passenger volumes for the 2015 Vancouver cruise season remained strong, on par with 2014, with more than 800,000 passengers travelling on 228 calls by 32 different vessels.

**14. Port of Montreal welcomes Hapag-Lloyd's Quebec Express on its first call to Montreal**

The Port of Montreal welcomed Hapag-Lloyd's Quebec Express on its inaugural call to Montreal, the company said in its press release. Hapag-Lloyd, the leading container shipping line by volume serving the Canadian market, has added the 4,045-TEU (20-foot equivalent unit) Quebec Express as the fourth vessel on its weekly St. Lawrence Coordinated Service 2 (AT2), which connects Montreal with Southampton, United Kingdom; Antwerp, Belgium; and Hamburg, Germany. The vessel arrived in Montreal on December 14 at Racine Terminal, operated by Montreal Gateway Terminals Partnership.

**15. Port of Metro Vancouver – Accumulated Container Traffic Y-T-D: January to November 2015.**

The Port of Metro Vancouver released its accumulated container traffic for January to November 2015 on December 21, 2015. Total imports for this period were 1,463,543 TEUs a 2.6% increase and total exports for this period were 1,365,335 TEUs a 9.7 % increase. Total traffic was 2,828, 878 TEUs a 5.9% increase.

**16. FMC to assess impact on alliances from liner mergers**

Recent consolidation moves within the international ocean container shipping sector have raised questions about what will happen to existing alliances used by carriers to improve capacity utilization in an era of oversupply and low rates. Carriers want to make changes without government interference and customers hope that existing arrangements for ocean transport won't be undone and cause delivery disruptions. William P. Doyle, a member of the U.S. Federal Maritime Commission, which oversees the ocean transportation market to ensure fairness and efficiency, has indicated in recent public statements that he is inclined to maintain the status quo under which carriers are not bound to exclusively operate only with alliance partners.

**17. Liner shipping applies for exemption from HK competition law**

The Hong Kong Liner Shipping Association has applied for a block exemption order from the city's competition law that came into effect on Dec. 14 and effectively outlaws the vessel sharing agreements that dominate shipping activity at the port.

## RAIL TRANSPORTATION

### 1. CN amends specific share repurchase program

CN announced on November 30, 2015 that it has amended its agreement announced on Oct. 27, 2015, with a third party to repurchase common shares under a specific share repurchase program during the term of CN's normal course issuer bid. The maximum number of common shares to be purchased by CN from that third party has been increased from 4,000,000 to 5,175,000 common shares, in accordance with the terms of an issuer bid exemption order issued by the Ontario Securities Commission.

### 2. CP announces ratification of hourly-rate agreement with DM&E Brotherhood of Locomotive Engineers and Trainmen

Canadian Pacific Railway Ltd. on December 3, 2015 announced that it has ratified a transformational multi-year collective agreement with its 300 locomotive engineers, assistant engineers, conductors and brakemen on the Dakota, Minnesota & Eastern Railway (DM&E) represented by the Brotherhood of Locomotive Engineers and Trainmen (BLET). The men and women represented by the BLET on the DM&E join their colleagues from the Soo Line in ratifying this agreement. Soo Line employees ratified their agreement on October 9, 2015.

### 3. NS rebuffs CP offer, citing undervalued bid, service risk

Norfolk Southern Railway has rejected an unsolicited takeover bid from Canadian Pacific Railway after the NS board said the \$28 billion takeover bid undervalued the company's stock and the potential regulatory hurdles would threaten business operations.

### 4. CP responds to Norfolk Southern's rejection of proposed combination

Canadian Pacific (CP) is disappointed with Norfolk Southern Corp.'s (NS) rejection of its proposal to create an end-to-end North American rail network that would enhance competition and generate significant shareholder value. CP takes exception to the claims, misdirection and mischaracterization of its offer and the benefits such a combination would provide to customers, shareholders, the industry and the public.

### 5. NS rejects acquisition offer from Canadian Pacific

Norfolk Southern said in a statement it is better off sticking with its existing strategy, adding that it thinks a merger of that size would have faced slim odds of being approved by regulators.

### 6. Canadian Pacific revises offer for Norfolk Southern

Canadian Pacific (CP) on December 8, 2015 announced it has sent a revised offer letter to Norfolk Southern Corp. (NS) that is financially more attractive and dramatically reduces the regulatory uncertainty for NS shareholders.

### 7. Norfolk rejects CP Rail's revised bid; calls offer 'even more uncertain'

Norfolk Southern Corp. has rejected a revised takeover offer from Canadian Pacific Railway Ltd. The Virginia-based railway said CP's latest bid provides less value and more uncertainty to shareholders than a previous one.

### 8. CP and TCRC reach arbitrated agreement

Canadian Pacific (CP) on December 9, 2015 applauded the arbitration decision and agreement between CP and the Teamsters Canada Rail Conference (TCRC), the union representing CP's Canadian conductors and locomotive engineers. This agreement will expire Dec. 31, 2017.

### 9. Rail reform bill on track to clear Congress this week

U.S. lawmakers are expected to pass an overhaul of the Surface Transportation Board, giving the nation's main freight rail regulator

## RAIL TRANSPORTATION Canada

1. CN amends specific share repurchase program, November 30, 2015, [www.cn.ca](http://www.cn.ca)

2. CP announces ratification of hourly-rate agreement with DM&E Brotherhood of Locomotive Engineers and Trainmen, December 3, 2015, [www.cpr.ca](http://www.cpr.ca)

3. NS rebuffs CP offer, citing undervalued bid, service risk, December 4, 2015, [www.joc.com](http://www.joc.com)

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9. Rail reform bill on track to clear Congress this week, December 9, 2015, [www.joc.com](http://www.joc.com)

10. CP willing to take NS offer directly to shareholders, December 10, 2015, [www.americanshipper.com](http://www.americanshipper.com)

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15. Canadian Pacific provides details of CVR instrument in revised offer for Norfolk Southern, December 16, 2015, [www.cpr.ca](http://www.cpr.ca)

16. CP-NS potential merger raises flags in Congress, December 17, 2015, [www.joc.com](http://www.joc.com)

17. CP's response to letter to Surface Transportation Board from some members of Illinois delegation, December 17, 2015, [www.cpr.ca](http://www.cpr.ca)

18. Railway Carloadings, October 2015, December 21, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)

19. CP reiterates call for consistent, efficient service solution for Chicago, December 21, 2015, [www.cpr.ca](http://www.cpr.ca)

20. Doubts persist whether CP-NS merger would reduce Chicago bottleneck, December 21, 2015, [www.joc.com](http://www.joc.com)

more teeth to crackdown on service issues and boost competition in the industry.

**10. CP willing to take NS offer directly to shareholders**

Canadian Pacific shareholder and activist investor Bill Ackman of Pershing Square Capital Management said the rival railway's resistance to CP's takeover bid is "reasonably likely" to result in a proxy battle. The revised offer, worth an estimated \$30 billion, included \$32.86 in cash and 0.451 shares in a new holding company that would own both Class I railways.

**11. US Congress passes sweeping rail reform bill**

U.S. lawmakers on December 10, 2015 voted to overhaul the nation's main freight rail regulator and give the Surface Transportation Board stronger investigative powers and streamline complaint review processes.

**12. BNSF to compete with Canadian Pacific for Norfolk Southern?**

Matt Rose, executive chairman of BNSF Railway, has indicated his company might make a competing bid for Norfolk Southern, which Canadian Pacific Railway is seeking to acquire, according to a report from Bloomberg news service. Rose told Bloomberg in an interview, "If there is consolidation to be had, we would participate as well."

**13. BNSF eyes takeover targets after CP makes move on NS**

BNSF Railway is flirting with the idea of a potential CSX Transportation or Norfolk Southern Railway acquisition as Canadian Pacific aims to acquire the latter railroad, potentially setting off a wave of consolidation in the Class I industry.

**14. Canadian Pacific Railway Limited declares dividend**

The Board of Directors of Canadian Pacific Railway Limited on December 15, 2015 declared a quarterly dividend of thirty-five cents (\$0.35) Canadian per share on the outstanding Common Shares. The dividend is payable on January 25, 2016 to holders of record at the close of business on December 31, 2015.

**15. Canadian Pacific provides details of CVR instrument in revised offer for Norfolk Southern**

Canadian Pacific (CP) on December 16, 2015 presented a revised, enhanced offer for Norfolk Southern Corp. (NS) that will give NS Shareholders the opportunity to receive for each share of NS US\$32.86 in cash, 0.451 shares of stock in the combined CP-NS company, and 0.451 of a contingent value right, which will have a maximum value of US\$25. CP is committed to this transaction, which would create a true coast-to-coast railway that enhances competition and generates significant shareholder value. To that end, CP has added contingent value rights (CVR) to the offer, which increase the overall value of the offer and also protect the value to NS shareholders going forward. A CVR is a highly liquid instrument that gives holders the ability to convert to cash at their discretion.

**16. CP-NS potential merger raises flags in Congress**

Canadian Pacific Railway's attempt to takeover Norfolk Southern Railway has already raised alarm with a group of Illinois lawmakers and prompted a pointed response from the Canadian railroad.

**17. CP's response to letter to Surface Transportation Board from some members of Illinois delegation**

Canadian Pacific (CP) announced it has sent a response to those members of the Illinois delegation who signed a letter to the Surface Transportation Board (STB) dated December 14, 2015. The letter reviews the concerns raised.

**18. Railway Carloadings, October 2015**

The volume of rail freight carried in Canada totalled 29.3 million tonnes in October 2015, down 6.1% from the same month last year. Freight originating in Canada decreased 5.1% to 26.4 million tonnes. These shipments are composed of both non-intermodal and intermodal freight. Non-intermodal freight decreased 6.0% to 288,000 carloads. Intermodal freight loadings rose by 4.8% to 194,000 units in October 2015. Freight traffic received from the United States fell 14.4% to 2.9 million tonnes as a result of lower non-intermodal shipments.

**19. CP reiterates call for consistent, efficient service solution for Chicago**

Canadian Pacific (CP) on December 21, 2015 reiterated that a coast-to-coast railway combination would not only alleviate congestion in the key Chicago hub but would enhance fluidity and create new opportunities for competitors to provide improved service to their own customers, many of whom will receive no rail service at all during the upcoming holiday period.

21. Norfolk Southern rejects CP Rail's revised offer, December 23, 2015, [www.globeandmail.ca](http://www.globeandmail.ca)

22. UN adopts resolution on multimodal transit corridors, December 23, 2015, [www.transportweekly.com](http://www.transportweekly.com)

23. Minister Garneau is pleased with Lac-Mégantic settlement fund, December 23, 2015, [www.tc.gc.ca](http://www.tc.gc.ca)

24. CP disappointed with Norfolk Southern response; will review strategic alternatives, December 23, 2015, [www.cpr.ca](http://www.cpr.ca)



## **20. Doubts persist whether CP-NS merger would reduce Chicago bottleneck**

Canadian Pacific Railway said its acquisition of Norfolk Southern Railway would improve fluidity through Chicago, but doubts remain whether a tie would do much to free up bottlenecks at the top U.S. freight hub — even if the deal gives CP control of a key belt railroad in the area.

## **21. Norfolk Southern rejects CP Rail's revised offer**

U.S. railroad operator Norfolk Southern Corp rejected Canadian Pacific Railway Ltd's revised bid, reiterating that it was "grossly inadequate" and created "substantial regulatory risks and uncertainties."

## **22. UN adopts resolution on multimodal transit corridors**

The UN General Assembly has adopted a new resolution "Toward comprehensive cooperation among all modes of transport for promoting sustainable multimodal transit corridors." Co-sponsored by 85 UN Member States, a new UN resolution has been adopted by the General Assembly, which focuses on multimodal transport, transit corridors and trade facilitation, while inciting Member States that have not yet done so to join the TIR Convention.

## **23. Minister Garneau is pleased with Lac-Mégantic settlement fund**

The Honourable Marc Garneau, Minister of Transport, issued the following statement on December 23, 2015. "As Minister of Transport, I am pleased that the \$460 million settlement fund, put together following the derailment in Lac-Mégantic, will soon be available to the victims and survivors of the Lac-Mégantic derailment. The money from the fund will begin being disbursed to the victims and survivors in January 2016 so they can continue to rebuild their lives and their community."

## **24. CP disappointed with Norfolk Southern response; will review strategic alternatives**

Canadian Pacific (CP) is disappointed that Norfolk Southern Corp. (NS) has rejected without engaging in a dialogue CP's enhanced offer of Dec. 16 to create a truly transcontinental railroad to better serve customers and the economy.

## **HIGHWAY TRANSPORTATION**

### **1. Titanium Transportation Purchasing ProNorth Transportation**

Titanium Transportation Group Inc. announced it has received the approval of its board of directors to finalize definitive agreements to acquire ProNorth Transportation.

### **2. Descartes Acquires Oz Development, Inc.**

Descartes Systems Group has acquired Oz Development, Inc., a US-based provider of application integration solutions that help small-to-medium sized businesses automate a number of logistics and supply chain processes. For over 10 years, Oz has been helping a growing SMB community connect to, and integrate with, ERP, CRM, e-commerce and supply chain platforms. Oz's solutions address a number of pain points for e-commerce shippers by automating logistics and supply chain processes, including order fulfilment, inventory management/scanning, and shipping, the company said.

### **3. TransForce's Transport America Acquires Optimal Freight**

A subsidiary of Canadian trucking giant TransForce Inc. has purchased a majority stake in a U.S. non-asset based truckload freight brokerage company. The purchase of the privately held Optimal Freight LLC by Transport Corp. of America Inc., greatly expands the fleet's capabilities, according to a news release.

### **4. TransForce's Transport America buys Optimal Freight**

The surge in acquisitions keeps building, as truckload carrier Transport America, acquired last year by TransForce, buys logistics company Optimal Freight.

### **5. New Data Show Increase in Older Drivers on the Road**

The U.S. Department of Transportation's Federal Highway Administration (FHWA) published new data on December 2, 2015 that show a record-high 214.3 million licensed drivers in the U.S., including 95.9 million aged 50 or older in 2014. This is an increase of 2.4 million over the previous year.

## **HIGHWAY TRANSPORTATION Canada**

1. Titanium Transportation Purchasing ProNorth Transportation, November 30, 2015, [www.todaystrucking.com](http://www.todaystrucking.com)
2. Descartes Acquires Oz Development, Inc., November 30, 2015, [www.ctl.ca](http://www.ctl.ca)
3. TransForce's Transport America Acquires Optimal Freight, December 2, 2015, [www.todaystrucking.com](http://www.todaystrucking.com)
4. TransForce's Transport America buys Optimal Freight, December 2, 2015, [www.joc.com](http://www.joc.com)
5. New Data Show Increase in Older Drivers on the Road, December 2, 2015, [www.dot.gov](http://www.dot.gov)
6. APTA Opposes New Brunswick Toll/Fuel Tax Proposal, December 4, 2015, [www.cantruck.ca](http://www.cantruck.ca)
7. US highway bill expands national freight network to rail, ports, December 4, 2015, [www.joc.com](http://www.joc.com)
8. Groupe Morneau Expands, Acquires Total Cold Storage, December 9, 2015, [www.todaystrucking.ca](http://www.todaystrucking.ca)
9. October 2015 Freight Transportation Services Index (TSI), December 9, 2015, [www.dot.gov](http://www.dot.gov)
10. Governments of Canada and Ontario mark completion of the Rt. Hon. Herb Gray Parkway, December 15, 2015, [www.tc.gc.ca](http://www.tc.gc.ca)
11. France fines 20 parcel carriers \$739 million for price fixing, December 15, 2015, [www.joc.com](http://www.joc.com)
12. North American freight volumes beat expectations in November, December 16, 2015, [www.americanshipper.com](http://www.americanshipper.com)
13. Large Urban Transit, October 2015,

## **6. APTA Opposes New Brunswick Toll/Fuel Tax Proposal**

The Government of New Brunswick has issued a Strategic Program Review, which contains proposals on how to generate revenue and cut costs for the province. However, the Atlantic Provinces Trucking Association (APTA) doesn't support all of these suggestions – namely a proposal to raise fuel taxes and implement tolls on certain busy roadway.

## **7. US highway bill expands national freight network to rail, ports**

The passage of a U.S. highway bill on December 4, 2015 not only provides dedicated funding for freight projects but will update a freight strategy and network to go beyond the nation's highways and look at rail and port connections.

## **8. Groupe Morneau Expands, Acquires Total Cold Storage**

The trucking company Groupe Morneau announced in the week of December 7, 2015 that it has finalized its purchase of Total Cold Storage, located in its hometown on Anjou, QC.

## **9. October 2015 Freight Transportation Services Index (TSI)**

The Freight Transportation Services Index (TSI), which is based on the amount of freight carried by the for-hire transportation industry, rose 0.4 percent in October 2015 from September 2015, rising after one month of decline, according to the U.S. Department of Transportation's Bureau of Transportation Statistics' (BTS). The October 2015 index level (123.2) was 30.1 percent above the April 2009 low during the most recent recession.

## **10. Governments of Canada and Ontario mark completion of the Rt. Hon. Herb Gray Parkway**

The Honourable Marc Garneau, Minister of Transport and the Honourable Steven Del Duca, Ontario Minister of Transportation, on December 14, 2015 toured the completed Rt. Hon. Herb Gray Parkway. The ministers also unveiled a plaque which commemorates joint federal and provincial funding for the Parkway. The plaque is permanently located at the eastern head of the parkway trail system adjacent to Essex County Road 9 and Highway 3 in the vicinity of the roundabout.

## **11. France fines 20 parcel carriers \$739 million for price fixing**

France's competition regulator has fined 20 parcel delivery companies, including FedEx and DHL Express, a total of 672 million euros (\$739 million) for colluding over fuel surcharges.

## **12. North American freight volumes beat expectations in November**

North American shipment volumes and expenditures were relatively flat in November 2015 compared with the previous month, but are still well below 2014 levels, according to the latest Cass Freight Index Report. The logistics payment solutions provider said overall shipment volumes showed no change from October 2015, but were down 5.13 percent compared to November 2014 and the lowest November level since 2011.

## **13. Large Urban Transit, October 2015**

In October 2015, total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit systems rose 2.0% from the same month in 2014 to \$298.9 million. Over the same period, ridership decreased 2.2% to 144.9 million passenger trips.

## **14. Strengthening Canada's Asia-Pacific Gateway: new interchange will help grow exports and benefit the local economy**

On December 21, 2015, Government officials marked the official completion of the Queen Elizabeth II Highway (QEII) and 41 Avenue Southwest Intermodal Access project in Edmonton, Alberta. The project involved the construction of a new interchange on the QEII Highway and 41 Avenue SW, including a grade separation for the new Canadian Pacific intermodal facility, realignment of QEII Highway from south of 41 Avenue SW to Ellerslie Road, a bridge crossing Blackmud Creek, and realignment and upgrading of 41 Avenue SW in the vicinity of the project.

## **15. For-hire Motor Carrier Freight Services Price Index, third quarter 2015**

The For-hire Motor Carrier Freight Services Price Index decreased 0.6% in the 2015 third quarter. The index has fallen for five consecutive quarters, reflecting the decrease in fuel prices during the same period. Both the general freight trucking component (-0.8%) and the specialized freight trucking component (-0.3%) posted declines. The index declined 3.1% in the 2015 third quarter compared with the same quarter of 2014. The general freight trucking component (-2.5%) and the specialized freight trucking component (-4.7%) also decreased.

December 18, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)

14. Strengthening Canada's Asia-Pacific Gateway: new interchange will help grow exports and benefit the local economy, December 21, 2015, [www.tc.gc.ca](http://www.tc.gc.ca)

15. For-hire Motor Carrier Freight Services Price Index, third quarter 2015, December 23, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)

16. Truck volume growth slowest since February 2013, December 22, 2015, [www.joc.com](http://www.joc.com)

17. Couriers and Messengers Services Price Index, November 2015, December 24, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)

## 16. Truck volume growth slowest since February 2013

For-hire U.S. truck tonnage growth in November 2015 hit the lowest speed since February 2013, as shippers' high inventories and weak manufacturing and energy production pulled down demand.

## 17. Couriers and Messengers Services Price Index, November 2015

The Couriers and Messengers Services Price Index (CMSPI) increased 0.1% in November 2015, following two consecutive monthly declines. The couriers' component rose 0.2%, while the local messengers and local delivery component decreased 0.6%. The CMSPI decreased 0.6% in November 2015 compared with the same month a year earlier. The index has declined year over year for eight consecutive months, reflecting lower fuel surcharge rates over the same period. The couriers' component was unchanged, while the local messengers and local delivery component declined 3.3%.

## GENERAL TRANSPORTATION

### Canada

#### 1. Travel Survey of Residents of Canada, second quarter 2015

In the second quarter of 2015, the number of domestic trips rose 2.1% from the same quarter in 2014 to 81.3 million. Total expenditures for those trips increased 2.4% to \$11.6 billion.

#### 2. 53 states eliminate tariffs on 201 IT products in major WTO trade deal

Fifty-three 50 World Trade Organisation (WTO) members have agreed to remove import tariffs on 201 information technology products, marking the first major global tariff-cutting deal in 19 years. The products account for 10 per cent of global trade and should mean consumers pay less for items such as GPS navigation systems, computers and other goods, while companies see cuts in the cost of machine tools. The deal, signed by scores of countries including China, will remove tariffs on trade worth US\$1.3 trillion, which is expected to give a \$190 billion boost to the world economy.

### Canada

1. Travel Survey of Residents of Canada, second quarter 2015, December 15, 2015, [www.statcan.gc.ca](http://www.statcan.gc.ca)

2. 53 states eliminate tariffs on 201 IT products in major WTO trade deal, Dec.

22, 2015, [www.transportweekly.com](http://www.transportweekly.com)